



# **STATE OF MONTANA**

## **LONG RANGE BUILDING PROGRAM & CAPITAL CONSTRUCTION PROGRAM**

**2008-2009 BIENNIUM**

### **INSTRUCTIONS AND PROCEDURES**

**JANUARY 2006**

**DEPARTMENT OF ADMINISTRATION  
ARCHITECTURE AND ENGINEERING DIVISION**

## **INTRODUCTION**

The Long Range Building Program is primarily concerned with those aspects of agency programs that require facility improvements. The Montana Code Annotated (MCA) Section 17-7-201 through 17-7-212 requires a format for the building program that clearly indicates the relationship between facilities utilization and operational program objectives. In other words, an agency's facility needs should be closely related to long-range operating program needs.

The responsibility to complete a Long Range Building Program request rests with each agency. The biennial requirement for submission of this plan should be only part of a continuing program of agency planning. The Architecture and Engineering Division will provide consultation and assistance in developing and completing the plans. While these instructions constitute a general framework for presenting information in a standardized format, agencies should go beyond the instructions in developing techniques of planning programming. For example: relationships between the proposed project and surrounding facilities should be shown and any future planning impacted by the project should also be delineated.

Upon submittal, the Architecture and Engineering Division will review each proposed project for justification, program impact, costs, relationship to any overall long-range strategic and site plans, and other pertinent factors. Due to the fact there is a fixed amount of money available we focus on two goals during the review process. The first is to make sure the requests are presented in their best light to give them the best chance of success in the legislative review process. The second is to balance the Agency's needs and requests with the statewide requests of all other Agencies. Projects requesting authorization in the coming biennium will receive the most attention in this review and evaluation process. Finally, in conjunction with the Governor's Office, recommendations for a Capital Construction Program will be made and included as an integral part of the budget documents for presentation to the legislature.

## **LONG-RANGE BUILDING PROGRAM AND BUDGET MONTANA CODES ANNOTATED**

The Long-Range Building Program is defined in MCA 17-7-201 through 17-7-212, as follows:

**17-7-201. DEFINITIONS OF BUILDING AND CONSTRUCTION.** In this part the following definitions apply:

- (1) “Building” includes:
  - (a) building, facility, or structure constructed or purchased wholly or in part with state moneys;
  - (b) building, facility, or structure at a state institution;
  - (c) building, facility, or structure owned or to be owned by a state agency, including the department of transportation.
- (2) “Building” does not include:
  - (a) building, facility, or structure owned or to be owned by a county, city, town, school district, or special improvement district;
  - (b) facility or structure used as a component part of a highway or water conservation project.
- (3) “Construction” includes construction, repair, alteration, and equipping and furnishing during construction, repair, or alteration.

**17-7-202. PREPARATION OF BUILDING PROGRAMS AND SUBMISSION TO THE DEPARTMENT OF ADMINISTRATION.**

- (1) Before July 1 of each even-numbered year, each state agency and institution shall submit to the department of administration, on forms furnished by the department, a proposed long-range building program, if any, for the agency or institution. Each agency and institution shall furnish any additional information requested by the department relating to the utilization of or need for buildings.
- (2) The department shall examine the information furnished by each agency and institution and shall gather whatever additional information is necessary and conduct whatever surveys are necessary in order to provide a factual basis for determining the need for and the feasibility of the construction of buildings. The information compiled by the department shall be submitted to the governor before December 1 of each even-numbered year.

**17-7-203. SUBMISSION TO THE LEGISLATURE.** During the first week of each regular legislative session, the governor shall submit to the legislature:

- (1) The requests of all state agencies and institutions compiled in the form of a comprehensive, long-range proposed building program, including:
  - (a) the purpose for which each building would be used;
  - (b) the estimated cost of each building, including necessary land acquisition;
  - (c) the reasons given by the institution or agency for needing each building;
  - (d) a priority order recommended by the agency or institution for each building;
  - (e) the recommendation of the institution or agency as to when each building is needed;
  - (f) any comments of the governor;
- (2) A building program proposed by the governor for the forthcoming biennium in the form of a capital construction budget, including:
  - (a) the purpose for which each building would be used;
  - (b) the estimated cost of each building and necessary land acquisition;
  - (c) the reasons for the governor's recommendation to construct each building during the forthcoming biennium;
  - (d) the proposed method of financing for each building;
  - (e) any long-range building plans;
  - (f) any changes in the law necessary to insure an effective, well-coordinated building program for the state.

**17-7-204. LONG RANGE BUILDING PROGRAM.** The executive budget for all state agencies must include detailed recommendations for the state long-range building program presented in order of importance by fund type. Each recommendation must be presented by agency or branch by funding source, with a description of each proposed project. The recommendation must also include an explanation of the problem to be addressed by the proposed project, alternative methods of addressing the problem, the rationale for the selection of a particular alternative, and a projection of increased operating costs incident to the project for the next three biennium.

**17-7-205. LONG RANGE BUILDING PROGRAM ACCOUNT**

- (1) There is a long-range building program account in the capital projects fund type.
- (2) Cigarette tax revenue deposited in the account pursuant to 16-11-119 must be obligated prior to obligating other funds in the account.
- (3) Coal severance taxes allocated to the account under 15-35-108 may be appropriated for the long-range building program or debt service payments on building projects. Coal severance taxes required for general obligation bond debt service may be transferred to the debt service fund.
- (4) Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must be retained in the account.

**17-7-206. MAINTENANCE FOR STATE BUILDINGS.**

- (1) Subject to legislative determination as provided in subsection (2), a major capital project appropriation by the legislature may include an amount for maintenance as a part of the appropriation. The amount appropriated for maintenance must be deposited in the long-range building account for use in future maintenance.
- (2) A state building recommended for construction in the report to the legislature required by 17-7-203 may also be recommended as appropriate for the inclusion of an amount for maintenance. For those buildings recommended for construction, the legislature may allocate an amount not to exceed 2% of the appropriated cost for use in maintenance.
- (3) This section does not preclude additional funds, including separate appropriations, donations, grants, or other available funds, from being used for the construction or maintenance of state buildings.

**17-7-211. EXPANSION TO BE AUTHORIZED - BUDGET AMENDMENT**

- (1) An existing capital project may not be expanded beyond the scope of the project approved by the legislature unless the expansion of the project is authorized by a long-range building program budget amendment approved by the budget director.
- (2) A proposed long-range building program budget amendment must be submitted to the budget director through the Architecture and Engineering

Division of the Department of Administration. The budget director, through a Long-Range Building Program budget amendment, may authorize:

- (a) the transfer of excess funds appropriated to a capital project within an agency to increase the appropriation of another capital project within that agency; or
- (b) financing to expand a project with funds that were not available for consideration by the legislature.

## **17-7-212. REAPPROPRIATION OF CAPITAL PROJECTS.**

The remaining balances on capital projects previously approved by the legislature are reappropriated for the purposes of the original appropriation until the projects are completed.

### **DEFINITIONS**

The following terms are defined because of their significance to the Long Range Building Program. It is important to note that capital projects are to be distinguished from preventive maintenance as defined below. Preventive maintenance items should be addressed in the Operational Budget for the facilities.

1. The Long Range Building Program is a six-year schedule of capital expenditures listing needed projects, their estimated costs, and other such material as necessitated by MCA 17-7-201 through 17-7-212. The purpose of the Long Range Plan is to identify the overall facility needs of the State from which a specific program can be developed.
2. The Capital Construction Program constitutes the first two years of the Long Range Building Program. This is the period for which funds are requested from the legislature. While developing project requests for this program, special attention must be given to the accuracy of cost estimates, the assignment of priorities, the identification of funding sources, the examination of alternatives, the explanation of the problem being addressed, and the description of the project. Any project that is required to accommodate a specific goal of an agency during the biennium ahead should be included in the list.
3. A capital project is defined to include: Acquisition of land and buildings or improvements and additions to these, construction and initial equipment, reconstruction, significant demolition, major alteration of any capital asset and major maintenance projects.
4. Major maintenance means building maintenance or repair projects that are not needed on an annual or biennial basis or are not the function of the permanent maintenance staff of the agency.

5. Preventive maintenance consists of normal upkeep or repairs to keep fixed assets and their attached fixtures, such as buildings or improvements, in their present condition or state of usefulness, to prevent their deterioration, or to restore them to their previous condition. Provisions for such work should be included in the regular operating budget requests.

Examples of preventive maintenance are:

- a. Painting and decorating. An exception would be work done at the time of original construction, change of function, or major alteration.
  - b. Repairs to, or replacement of, fixed equipment or their components, which do not extend capacity or function. An exception would be repairs to, or replacement of, fixed equipment at the time of major alteration or change of function or replacement of a major component, such as an entire elevator.
  - c. Repairs which are necessary to prevent deterioration, or which restore a building to its previous condition without extending the life of the building. An example of this would be a roof repair. A complete roof replacement would not be considered a preventative maintenance item.
6. A major alteration is a project which will increase the capacity, effect a major change in use, increase the efficiency or economy of operation, or extend the life of an existing fixed asset to a major degree.
  7. Capital project estimates should include and identify preconstruction costs of site acquisition and surveys, soil tests, architectural and engineering services, project management services, initial equipment, landscaping and site development, contingencies, artwork (percent-for-art), and the like. Particular care should be taken to identify all indirect costs, such as additional utilities required to serve new buildings and the necessary operational costs upon occupancy of the facility.
  8. Fixed equipment is original equipment that is permanently attached to the building by plumbing, wiring, or structural connections. Such equipment should be included as an integral part of the facilities project.
  9. Movable equipment is original equipment that is not attached to the building, or if attached, can be removed without cutting and/or unfastening the connection. Items such as beds, wardrobes, tables, and desks are examples of movable equipment recognized in the scope of a project. Items such as supplies, linens, glassware, utensils, personal computers, specialty equipment, and items typically purchased with operating funds are not to be included in the project estimate.
  10. Scope of project is a synopsis of the entire project parameters defined in the Capital Project Request Form. It includes, but is not limited to, items such as: The project

description, the impact on existing facilities, the explanation of the problem being addressed, the estimated cost, and the number of people to be served by the facility.

11. Relocation costs for moving to a completed Capital project are to be excluded from the Capital Construction request and should be included in the agencies operating budget. Costs for relocations required as part of a renovation may be included in the Capital Construction request.

### **PROJECT PRIORITY BY AGENCY**

**PRIORITY:** Each Agency is required to rank their proposed projects in order of importance. It is essential that succeeding levels of management reviewing the projects also establish their priority for recommended capital construction projects. Agencies with multiple sub-units such as the University System and the Department of Corrections are required to submit a single priority ranking for all projects to the Department of Administration. Multiple ranking systems will be returned as not meeting the requirements of this program.

**RATIONALE FOR PRIORITY RANKING:** Give reasons why a particular project priority was established. The justification should be based on items such as:

- (1) Does the project improve conditions that threaten life or property or involve improvements to comply with State or Federal regulations?
- (2) Is the project critical to the continuation of a current program level?
- (3) Does the project correct a problem that if not corrected would cause further deterioration of an existing structure?
- (4) Does the project accommodate a program expansion over which no control can be exercised by state government?
- (5) Will the project demonstrate a savings in operational costs that could offset the capital investment over a relatively short period of time?
- (6) Will the project facilitate a better utilization of an existing facility or the adaptation of it to a change in program direction?
- (7) Does this project continue or complete a project that has been previously authorized and/or funded?



## **PROCEDURE FOR COMPLETING LONG RANGE BUILDING PROGRAM CAPITAL PROJECT REQUEST FORMS**

*(This form (in electronic version) is generated by the SABHRS/MBARS system, and is referred to as the Capital Projects Module.)*

For the 2008-2009 biennium, requests for LRBP approval (Capital Project Request Form) must be submitted electronically (on-line), using the SABHRS/MBARS Capital Projects Module. The A&E Division must receive the completed Capital Project Request form, on-line by **July 1, 2006**. The following notes apply to the electronic format form.

The Capital Project Request submittal presents the basic information required for all Long Range Building Program project proposals. When completed, it should contain the facts that will enable a realistic evaluation of the need, cost, and priority for each project included in the proposed program. A/E Division may request additional information about the project or supporting documentation.

### **I. "CAPITAL PROJECT DEFINITION" SCREEN**

*(For all new Capital Project Requests, the "Capital Project Definition" screen is the initial screen that will appear. This will be the starting point for new requests, and all other data entry screens related to a specific project (project narrative, cost, funding, and cost upon completion screens) are accessed from links at the bottom of this screen. All project information on this and subsequent screens must be entered, as appropriate, to provide complete information for the request.)*

**PROJECT TITLE:** This should be a concise, descriptive title that clearly identifies the project. The first word should be active such as "Construct, Improve, Maintain," etc. For example, "Expand Music Building." If the particular project continues or completes an existing project, or if it is envisioned as Phase I of a total project, an explanation (reference) should be included here as well as in other applicable areas.

**BRIEF PROJECT DESCRIPTION:** Provide a two or three line description to further identify the nature of the project.

**AGENCY NUMBER:** The Agency Identification Number will appear on the screen by default.

**AGENCY NAME:** The department or agency, under which the project will be submitted, will appear on the screen by default.

**PROGRAM NUMBER:** From the scroll-down options available, select the number of the Program, within the Agency, to be served by the request.

**PROGRAM NAME:** The Program Name is automatically determined by the Program Number selection (above), and will appear by default after the "update" button is clicked.

**STATEWIDE PRIORITY:** The Architecture & Engineering Division will establish the statewide priority after consideration of all agency requests, prior to submittal to the legislature. This window is for the Department of Administration use only.

**AGENCY PRIORITY:** Agencies are required to number all projects submitted to the Capital Construction Program in order of priority. The Rationale For Priority Ranking, previously discussed in this instruction manual, should be one of the basic criteria for establishing particular project priorities.

**ESTIMATED COMPLETION DATE:** Enter date (month/day/year) when construction is anticipated to be complete and the facility ready for occupancy. The completion date will be reviewed and approved or modified by the Architecture and Engineering Division.

**BIENNIUM:** Designate the biennium for which the project is being requested. Group projects by the biennium in which they are planned. Input 2007 for current biennium and 2009 or 2011 for future biennium.

**CAPITAL PROJECT REQUEST NUMBER:** This number is set by MBARS.

**VERSION TRACKING:** This number is set by MBARS.

**APPROVED/DISAPPROVED:** Prior to final submittal of requests to A&E, Agencies may use this feature to help in tracking internal review and individual project decisions (i.e., some requests may be disapproved at the Agency level, prior to submittal to A&E). Upon final submittal to A&E, this feature will be utilized to track the approval status of requests at subsequent levels of administrative and legislative review.

**A. THIS PROJECT:** Check the appropriate descriptions as to whether the project is an original facility, improves an existing facility, or replaces an existing facility. If the project is a Major Maintenance Project, indicate whether the project is Class I, II, or III - as defined below by checking the appropriate box.

CLASS I - Projects requiring immediate action to provide safety and protection against costly damage.

CLASS II- Projects that are necessary to correct problems, which, if neglected would deteriorate further into Class I situations or that must be done to provide efficient use of the facility or system.

CLASS III - Projects that are necessary to fully renew the facility or system.

**B. LOCATION:** Check the appropriate descriptions and if special conditions or problems exist. Verify the site is on State owned property, is not in a flood plain, has adequate access, and does not present code violations. If site problems exist, provide explanation and justification in General Narrative.

## **II. “CAPITAL PROJECTS NARRATIVE” SCREEN**

### **C. DESCRIPTION OF FACILITY:**

General Description: Include a clear, concise description of the project so that its nature can be quickly understood and so that it can be related to program objectives. Supporting data and additional information should be footnoted and included in the General Narrative. This description should include, but not be limited to, the following:

1. Explanation of the project. Is it a new facility, major alteration, an addition, an acquisition, major maintenance, etc?
2. List of the activities and functions to be accommodated by the project.
3. Reference as to whether or not future expansion of the project is considered.
4. Statement of applicable mechanical and electrical considerations. Will the facility be connected to a central heating plant or will it have a separate system? Will utilities such as gas, water, sewers or electricity need to be expanded?
5. Provide a preliminary review of fixed equipment and furnishing required for the facility.

Impact on Existing Facilities: Include the relationship of the project to other projects (facilities), both existing and planned. How completion of the project will affect the utilization of other facilities should be discussed. Questions such as, “Does the project release an existing facility for demolition, major alteration, or other use?” should be addressed. The concern is primarily to ascertain whether, and if so to what extent, existing facilities will be impacted by the project. If no impact is expected, enter the word “none.” Additional information should be included in the General Narrative Form.

Functional Space Requirements: Enter the functional space requirements for the facility, which have been justified through a needs analysis of the project. In general, this can be defined as the net area requirements for the facility (as contrasted to the overall gross area). For example, net area does not include square footage dedicated to circulation or actual construction space; this is normally considered part of the gross area. (Also commonly used is assignable versus non-assignable area where assignable area is the figure required herein.)

- D. EXPLANATION OF PROBLEMS ADDRESSED:** Describe why the particular project is needed, what problems it addresses, and the consequences of postponing or disapproving the project. Inclusion of supporting data, such as the capacity versus existing and projected demand, patient treatment policies or educational curriculum trends would be beneficial as well. If a project is submitted as a means of improving

program efficiency, include data as to how the project will reduce costs or improve service.

**E. ALTERNATIVE(S):**

Alternatives Considered: Present three (if possible) realistic alternative methods of addressing the problem. This may include a suggestion of phasing a particularly large or complex project or of “retrofitting” portions of existing facilities in conjunction with a reduced level of new construction. Each alternative listed should have a corresponding estimated cost. Include additional information in the General Narrative Form.

Rationale for selection of a particular alternative: Explain why one alternative was chosen and others rejected. This may relate to such things as program trends or policies, projected demands, or cost/benefit factors.

**F. GENERAL NARRATIVE:** Provide any additional information, material or data which cannot be completed or included elsewhere in the Long Range Building Program format. Please do not duplicate information already provided in the previous fields. For “combined” or “pooled” projects, such as “General Campus Improvements” or “Cultural & Historic Parks Improvements”, specific projects included in the combined appropriation that will exceed \$250,000 (project cost) shall be individually identified to ensure an appropriate level of legislative disclosure and statement of intent.

**III. “CAPITAL PROJECTS COST” SCREEN**

**G. ESTIMATED COST OF PROJECT:** Determine a total project cost by completing the appropriate line items.

In addition to the construction cost, the project cost must include all professional services, testing, printing, advertising, plan review, utility delivery, site development costs, and supervisory fees. If the site is not on State owned property, or requires easements of any sort, those costs should be identified as land acquisition.

\*Special care should be taken to anticipate the probable bid and completion dates of the project in order to include adjustments for inflation in the project budget. Also, in combined or pooled projects, such as “General Campus Improvements” or “Cultural & Historic Parks Improvements”, the construction cost may be further broken down within the General Narrative through identification of specific projects anticipated to cost in excess of \$250,000.

The Percent-for-Art Act, MCA 22-2-401 through 22-2-408, requires that funds be allocated to the acquisition of art for appropriate projects. Enter the cost for required artwork under Item 14. If you are uncertain whether this provisions applies to your public project or have questions of the amount to set aside contact Jim Whaley at 444-3106.

Projects, or portions of projects, funded with funds other than Long Range Building Fund and administered by A&E must include A&E Supervisory fees under Item 10. A&E Supervisory fees are assessed according to the following guidelines:

1. Full Service, including in-house architectural and engineering services (plans, specs, reviewing, advertising, plan distribution, bidding, contracts, payments, inspection, and acceptance):  
**5%** of construction cost.
2. Construction Administration (no plans or specs but all other services): **3%** of construction cost.
3. Bidding Only:  
**1%** of construction cost.

The guidelines are a general indication of the fees required; please contact A&E Division for an estimate of fees for specific projects.

#### **IV. “CAPITAL PROJECTS FUNDING” SCREEN**

- H. FUNDING:** Identify the specific source (or sources) of funds from which the proposed project is to be funded. If more than one funding source is to be used, insert additional lines and show each funding source on a separate line.

For each funding source, list the dollar amount to be allocated specifically for the project. The total for all funds will be shown at the bottom of the page after clicking the “update” button.

Prior to final submittal to A&E, all Capital Project Requests must propose funding resources adequate to cover all estimated project costs. Although project funds and costs may be imbalanced during preliminary Agency budgeting, the Capital Projects Request software will reject final submittal of requests where costs exceed funding.

#### **V. “ESTIMATED OPERATING COSTS UPON PROJECT COMPLETION” SCREEN**

- I. OPERATING COSTS UPON COMPLETION:** Starting with the biennium of the projected completion date, identify projected operational costs and funding sources for three consecutive biennium following the completion date. Please make sure your estimated “annual” operational costs are multiplied by 2 to ensure input of the “biennial” amounts for each cost category, and include an inflation factor for the second and third biennium. For Agencies that don’t have information on construction inflation rates the A&E Division recommends a default inflation factor of 3%.